

Message Text

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70

ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 INT-08 SCEM-02 CIAE-00 DODE-00

PM-07 H-03 INR-10 L-03 NSAE-00 NSC-10 PA-03 RSC-01

PRS-01 SPC-03 SS-15 USIA-15 ACDA-19 IO-13 AID-20

CIEP-02 TRSE-00 STR-08 OMB-01 CEA-02 COME-00 FRB-02

XMB-07 OPIC-12 LAB-06 SIL-01 DRC-01 /203 W

----- 117760

R 172231Z SEP 73

FM AMEMBASSY GUATEMALA

TO SECSTATE WASHDC 0826

INFO AMEMBASSY MANAGUA

AMEMBASSY TEGUCIGALPA

AMEMBASSY SAN JOSE

AMEMBASSY SAN SALVADOR

C O N F I D E N T I A L GUATEMALA 4519

E.O. 11652: GDS

TAGS: ENRG EGEN GT

SUBJ: PETROLEUM SITUATION

REF: GUATEMALA 3792

1. MINECON MOLINA COLLARED ME AT SALVADORAN INDEPENDENCE DAY RECEPTION AFTERNOON OF SEPTEMBER 14 TO SAY THAT HE HAD HEARD THAT TEXACO INTENDED TO BEGIN RATIONING OF PETROLEUM PRODUCTS TO ITS CUSTOMERS. HE SAID THIS COULD LEAD TO CONFRONTATION BETWEEN GOG AND TEXACO -- A CONFRONTATION HE DID NOT WANT. (HE STATED FRANKLY HE DID NOT WANT TO MAKE ANY WAVES FOR THE LAUGERUD CANDIDACY.) HE ASKED ME TO REQUEST THAT TEXACO REPRESENTATIVE TO GIVE HIM A LITTLE "BREATHING ROOM", I.E., NOT TO INITIATE RATIONING. HE ALSO ASKED ME TO INFORM TEXACO THAT GOG IS WILLING TO NEGOTIATE A PRICE INCREASE THAT WILL PERMIT TEXACO TO "BREAK EVEN" UNTIL THE MARCH ELECTIONS ARE
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OVER AND THEN TO PERMIT A FURTHER INCREASE THAT WILL

ALLOW THEM TO MAKE A REASONABLE PROFIT. MINISTER SAID HE WISHED DISCUSS THIS WITH TEXACO REPRESENTATIVES IN "NEXT COUPLE OF WEEKS."

2. CHIEF OF ECON SECTION AND I DISCUSSED MATTER WITH TEXACO MANAGER CRAWFORD LATER THAT AFTERNOON. WE MADE IT CLEAR TO HIM WE WERE NOT ATTEMPTING BECOME INVOLVED IN SUBSTANCE OF HIS PROBLEM, BUT WERE MERELY PASSING MESSAGE AS REQUESTED BY MINISTER. CRAWFORD SAID TEXACO DID INDEED INTEND START RATIONING ON OCTOBER 1, LIMITING EACH CUSTOMER BY MONTH TO THE AMOUNT OF THE SPECIFIC PETROLEUM PRODUCT HE HAD PURCHASED IN 1972. LETTERS HAD ALREADY BEEN SENT TO THE CUSTOMERS TO THIS EFFECT. CRAWFORD ADDED, SOMEWHAT EMOTIONALLY, THAT HE AND HIS COMPANY HAD REACHED THE LIMIT OF THEIR PATIENCE WITH GUATEMALA'S STALLING - THAT UNDER CURRENT CONDITIONS THEY WOULD LOSE \$4 MILLION HERE IN 1973 -- THAT THEY INTENDED TO GET TOUGH AND STAY TOUGH, AND THAT THEY PREFERRED TO GET OUT OF GUATEMALA COMPLETELY RATHER THAN CONTINUE AS AT PRESENT. CRAWFORD SAID THE MINISTER'S OFFER OF A "BREAK EVEN PRICE" WAS NOT SATISFACTORY, BUT THAT HE BELIEVED A DEAL COULD BE WORKED OUT TO THE SATISFACTION OF THE MINISTER AND TEXACO. CRAWFORD NOTED THAT HE HAD TRIED FRUITLESSLY TO SEE THE MINISTER FOR THE PAST WEEK OR SO AND HE BELIVED THAT IF HE COULD SEE HIM HE COULD PRESENT A CONVINCING AND ACCEPTABLE PROPOSAL. HE ASKED THAT WE ATTEMPT TO INDUCE THE MINISTER TO SEE HIM ASAP.

3. I SAW THE MINISTER AT ANOTHER INDEPENDENCE DAY FUNCTION FRIDAY NIGHT, TOLD HIM WE HAD TALKED TO CRAWFORD, THAT THE REPORTS OF THE INITIATION OF RATIONING WERE TRUE, AND THAT CRAWFORD BELIEVED HE HAD A PROPOSAL THAT WOULD BE ACCEPTABLE TO THE GOG. I TOLD THE MINISTER THAT I BELIEVED IT MOST IMPORTANT FOR HIM TO SEE CRAWFORD AS SOON AS HE COULD TO AVOID A POSSIBLE CONFRONTATION. MOLINA SAID HE WOULD CALL CRAWFORD ON MONDAY.
DREYFUSS

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